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No. 86-1439

In the Supreme Court of the United States

OCTOBER TERM, 1986

LEVER BROTHERS COMPANY, PETITIONER

v.

UNITED STATES OF AMERICA, ET AL.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

MEMORANDUM FOR THE FEDERAL RESPONDENTS IN OPPOSITION

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TABLE OF AUTHORITIES

	Page
Cases:	
Coalition to Preserve the Integrity of American Trademarks v. *United States*, 598 F. Supp. 844 (D.D.C. 1984), rev'd, 790 F.2d 903 (D.C. Cir. 1986)	4
Dames & Moore v. *Regan*, 453 U.S. 654 (1981)	3
Olympus Corp. v. *United States*, 792 F.2d 315 (2d Cir. 1986), petition for cert. pending, No. 86-757	3, 4
United States v. *Nixon*, 418 U.S. 683 (1974)	3
United States v. *United Mine Workers*, 330 U.S. 258 (1947)	3
Statutes and regulation:	
Hawley-Smoot Tariff Act of 1930, § 526, 19 U.S.C. 1526	1, 2, 3, 4
Lanham Act § 42, 15 U.S.C. 1124	2, 4
19 C.F.R. 133.21	1, 2

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MEMORANDUM FOR THE FEDERAL RESPONDENTS IN OPPOSITION

Petitioner seeks review of a district court decision denying petitioner's request for a preliminary injunction requiring the United States to exclude certain imported products bearing trademarks identical to U.S. trademarks. Petitioner contends that it is entitled to the injunction on the ground that a Treasury Department regulation (19 C.F.R. 133.21) that permits the importation of these goods is invalid. This Court should deny the petition because the court of appeals has not reviewed the district court judgment and has stayed further proceedings pending resolution of three cases before this Court that present a similar challenge to the regulation.[1]

1. Section 526 of the Hawley-Smoot Tariff Act of 1930 prohibits the unauthorized importation of "any merchandise of foreign manufacture if such merchandise * * *

[1] See *K mart Corp.* v. *Cartier, Inc.*, No. 86-495; *47th Street Photo, Inc.* v. *Coalition to Preserve the Integrity of American Trademarks*, No. 86-624; *United States* v. *Coalition to Preserve the Integrity of American Trademarks*, No. 86-625 (petitions granted and cases consolidated on December 8, 1986).

bears a trademark owned by a citizen of, or by a corporation or association created or organized within, the United States, and registered in the Patent and Trademark Office by a person domiciled in the United States * * *." 19 U.S.C. 1526. Section 42 of the Lanham Act forbids the importation of goods that "copy or simulate" U.S. trademarks. 15 U.S.C. 1124. For over 50 years, the Department of the Treasury has interpreted Section 526 and Section 42 to permit entry of foreign merchandise bearing a trademark identical to a U.S. registered trademark when there is a substantial identity between the foreign manufacturer and the U.S. trademark owner. The Treasury Department's present Customs Service regulation permits such parallel importation when (1) the foreign and U.S. trademarks are owned by the same person; (2) the foreign and U.S. trademark owners are subject to common ownership or control; or (3) the trademark was applied under authorization of the U.S. trademark owner. 19 C.F.R. 133.21.

Unilever N.V., a Dutch corporation, owns a number of subsidiaries throughout the world that manufacture and distribute various household products. One of these subsidiaries—Unilever United States, Inc.—owns petitioner, an American corporation that sells its goods in the American market. Petitioner brought suit against the United States, the Secretary of the Treasury, and the Commissioner of Customs, challenging the Treasury Department's longstanding Customs Service regulation. It urged that the regulation is inconsistent with both Section 526 and Section 42 and sought a preliminary injunction requiring the Customs Service to prevent parallel importation of products manufactured by its foreign affiliates.

The district court denied petitioner's motion for a preliminary injunction (Pet. App. 1a-9a). It reasoned that the Customs Service regulation "constitutes a reasonable exercise of the Customs Service's enforcement discretion"

(*id.* at 5a). The court also concluded that Congress's repeated acquiesence in the Treasury Department's interpretation of Section 526 made change in this area " 'a matter for the legislative or executive branch and not the judiciary' " (Pet. App. 6a (quoting *Olympus Corp.* v. *United States*, 792 F.2d 315, 321 (2d Cir. 1986), petition for cert. pending, No. 86-757)). Finally, it noted that a preliminary injunction should not issue while this Court is considering the merits of the underlying dispute in a group of similar cases (Pet. App. 6a-7a). The court then rejected petitioner's contention that the regulation is inconsistent with the Lanham Act, stating that Section 42 applies only to "merchandise bearing counterfeit or spurious trademarks that 'copy or simulate' genuine trademarks" (Pet. App. 8a).

Petitioner filed a notice of appeal in the court of appeals and a petition for a writ of certiorari in this Court. The court of appeals subsequently rejected petitioner's motion for an injunction pending appeal, and sua sponte, ordered petitioner's appeal stayed pending this Court's decision on the validity of the Customs Service regulation.[2]

2. Lever Brothers asks this Court to take the extraordinary action of issuing a writ of certiorari before the court of appeals has reviewed the district court's decision. This Court's Rules state that a petition for a writ of certiorari before judgment "will be granted only upon a showing that the case is of such imperative public importance as to justify the deviation from normal appellate practice and to require immediate settlement in this Court." Sup. Ct. R. 18. See, *e.g.*, *Dames & Moore* v. *Regan*, 453 U.S. 654, 668 (1981); *United States* v. *Nixon*, 418 U.S. 683, 686-687 (1974); *United States* v. *United Mine Workers*, 330 U.S. 258, 269 (1947). Plainly, the district court's denial of petitioner's request for a pre-

[2] The court of appeals' order is reprinted as an Addendum to this memorandum.

liminary injunction does not present such a case. There are no extraordinary circumstances here justifying a departure from the normal appellate procedure.

This Court will decide in due course whether the Customs Service regulation is consistent with Section 526. The Court has granted three related petitions, arising from the D.C. Circuit's decision in *Coalition to Preserve the Integrity of American Trademarks* v. *United States*, 790 F.2d 903 (1986), that present this issue. See *K mart Corp.* v. *Cartier, Inc.*, No. 86-495; *47th Street Photo, Inc.* v. *Coalition to Preserve the Integrity of American Trademarks*, No. 86-624; *United States* v. *Coalition to Preserve the Integrity of American Trademarks*, No. 86-625. The court of appeals has already indicated that it will review petitioner's request for relief under Section 526 in accordance with this Court's decision in those cases. Thus, there is no reason for this Court to hold the petition pending their resolution.

Petitioner suggests that this Court should grant its petition because the cases now pending before the Court do not "afford this Court an opportunity to explore fully the trademark interests implicated by § 42 of the Lanham Act" (Pet. 13 (footnote omitted)). The court of appeals' decision in those cases, however, did not reach the question whether the Customs Service regulation is inconsistent with Section 42 (see 790 F.2d at 907); thus, that issue is not pending before this Court. The only two courts that have considered the issue have concluded that the Customs Service's regulation is consistent with Section 42. See *Olympus Corp.*, 792 F.2d at 321-322; *Coalition to Preserve the Integrity of American Trademarks* v. *United States*, 598 F. Supp. 844, 847-848 (D.D.C. 1984), rev'd on other grounds, 790 F.2d 903 (D.C. Cir. 1986). Thus, there is no conflict among the circuits on the question and there is plainly no warrant for this Court to review the issue at this time. Petitioner will have ample opportunity to obtain

review of that question from the court of appeals and, thereafter, an opportunity to seek further review from this Court if it so desires.

It is therefore respectfully submitted that the petition for a writ of certiorari should be denied.

CHARLES FRIED
Solicitor General

MAY 1987

ADDENDUM

UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 87-5051

LEVER BROTHERS COMPANY, APPELLANT

v.

UNITED STATES OF AMERICA, ET AL.

[Filed Mar. 19, 1987]

BEFORE: Bork, Silberman and D.H. Ginsburg, Circuit Judges

ORDER

Upon consideration of Appellant's Emergency Motion for an Injunction Pending Appeal or, Alternatively, Expeditious Consideration of the Appeal, the opposition of the United States thereto, and our own review of the record, for the reasons stated in the accompanying memorandum it is

ORDERED by the court that Appellant's Emergency Motion for an Injunction Pending Appeal or, Alternatively, Expeditious Consideration of the Appeal, be denied; and it is

FURTHER ORDERED on the court's motion that this case be held in abeyance pending the decision of the Supreme Court in *Coalition to Preserve the Integrity of American Trademarks v. United States*, 790 F.2d 903 (D.C. Cir. 1986), *cert. granted* (Nos. 86-495, 624, and 625), 55 U.S.L.W. 3211 (December [8], 1986).

Per Curiam

MEMORANDUM

Appellant Lever Brothers commenced this action in the district court by filing a complaint against the United States of America, James A. Baker III, the Secretary of the Treasury, and William von Raab, Commissioner of the United States Customs Service, seeking an injunction requiring the Customs Service to bar the import of Shield soap and Sunlight detergent manufactured overseas. The complaint alleges that Lever Brothers holds the trademark on Shield and Sunlight and manufactures these products in the United States. Foreign affiliates of Lever Brothers hold foreign trademarks on Shield and Sunlight. Lever Brothers claims that different formulae are used for products bearing these names when manufactured overseas, and that the foreign Shield and Sunlight are not suitable for use in this country.

Various importers purchase Shield and Sunlight produced overseas and ship them to this country. Even with the added transportation costs, the foreign products are sold for less than Shield and Sunlight manufactured in the United States. Lever Brothers alleges that because of the difference in the formulae, customers who purchase Shield and Sunlight of foreign manufacture are disappointed in the products, causing loss of goodwill and reputation for Lever Brothers.

Lever Brothers asked the Customs Service to bar importation of Shield and Sunlight manufactured overseas. Lever Brothers claims that Section 526 of the Tariff Act of 1930 (19 U.S.C. § 1526(a) (1982)) and/or Section 42 of the Lanham Act (15 U.S.C. § 1124 (1982)) require the Customs Service to exclude these products. The Customs Service, relying on 19 C.F.R. § 133.21(c)(2) (1985), refused Lever Brothers' request.

The case came before this court on appeal from the district court's denial of Lever Brothers' motion for preliminary injunction. Lever Brothers noted its appeal and moved for injunction pending appeal. The government has filed an opposition to the motion.

The district court denied the motion in part because it did not believe that it is bound by this court's decision in *Coalition to Preserve the Integrity of American Trademarks v. United States*, 790 F.2d 903 (D.C. Cir. 1986), *cert. granted,* 55 U.S.L.W. 3411 (December [8], 1986) (*COPIAT*), since we withheld our mandate and the Supreme Court has granted the government's petition for writ of certiorari. The court cited no authority for this interesting proposition, a proposition with which we disgree. Our views are more in line with those of the distinguished Learned Hand. *See In re Simon Weltman Co.,* 2 F.2d 759, 760 (S.D.N.Y. 1924) ("It is true that certiorari has been granted to this decree . . . but it stands as law to me.").

Nevertheless, in the circumstances of this case and for the reasons stated in our decision in *COPIAT*, 790 F.2d at 918, Lever Brothers has not met the rigid requirements that would entitle it to a mandatory injunction pending appeal. *Washington Metropolitan Area Transit Commission v. Holiday Tours, Inc.*, 559 F.2d 841, 843 (D.C. Cir. 1977). It also has not met the requirements set forth in the D.C. Circuit Handbook of Internal Practices and Procedures at 50-51 that would entitle it to expedited consideration.

To conserve judicial resources, on our own motion we order that this appeal be held in abeyance pending the decision of the Supreme Court in *Coalition to Preserve the Integrity of American Trademarks v. United States*, 790 F.2d 903 (D.C. Cir. 1986), *cert. granted,* 55 U.S.L.W. 3411 (December [8], 1986).

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